

ASSEMBLY BILL

No. 1513

Introduced by Committee on Insurance

March 5, 2015

An act to repeal Section 77.7 of the Labor Code, relating to workers' compensation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1513, as introduced, Committee on Insurance. Workers' compensation: studies.

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of his or her employment.

Existing law requires the Commission on Health and Safety and Workers' Compensation to undertake a specified study examining the causes of the number of insolvencies among workers' compensation insurers to be conducted by an independent research organization, and requires the commission and the Department of Industrial Relations, no later than July 1, 2009, to publish the report of the study on its Internet Web site and to inform the Legislature and the Governor of the availability of the report.

This bill would repeal these obsolete workers' compensation study requirements.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 77.7 of the Labor Code is repealed.

~~77.7. (a) A study shall be undertaken to examine the causes of the number of insolvencies among workers' compensation insurers within the past 10 years. The study shall be conducted by an independent research organization under the direction of the commission. Not later than July 1, 2009, the commission and the department shall publish the report of the study on its Internet Web site and shall inform the Legislature and the Governor of the availability of the report.~~

~~(b) The study shall include an analysis of the following: the access to capital for workers' compensation insurance from all sources between 1993 and 2003; the availability, source, and risk assumed of reinsurers during this period; the use of deductible policies and their effect on solvency regulation; market activities by insurers and producers that affected market concentration; activities, including financial oversight of insurers, by insurance regulators and the National Association of Insurance Commissioners during this period; the quality of data reporting to the commissioner's designated statistical agent and the accuracy of recommendations provided by the commissioner's designated statistical agent during this period of time; and underwriting, claims adjusting, and reserving practices of insolvent insurers. The study shall also include a survey of reports of other state agencies analyzing the insurance market response to rising system costs within the applicable time period.~~

~~(c) Data reasonably required for the study shall be made available by the California Insurance Guarantee Association, Workers' Compensation Insurance Rating Bureau, third-party administrators for the insolvent insurers, whether prior to or after the insolvency, the State Compensation Insurance Fund, and the Department of Insurance. The commission shall also include a survey of reports by the commission and other state agencies analyzing the insurance market response to rising system costs within the applicable period of time.~~

~~(d) The cost of the study is not to exceed one million dollars (\$1,000,000). Confidential information identifiable to a natural person or insurance company held by an agency, organization, association, or other person or entity shall be released to researchers~~

1 upon satisfactory agreement to maintain confidentiality.
2 Information or material that is not subject to subpoena from the
3 agency, organization, association, or other person or entity shall
4 not be subject to subpoena from the commission or the contracted
5 research organization.

6 (e) The costs of the study shall be borne one-half by the
7 commission from funds derived from the Workers' Compensation
8 Administration Revolving Fund and one-half by insurers from
9 assessments allocated to each insurer based on the insurer's
10 proportionate share of the market as shown by the Market Share
11 Report for Calendar Year 2006 published by the Department of
12 Insurance.

13 (f) In order to protect individual company trade secrets, this
14 study shall not lead to the disclosure of, either directly or indirectly,
15 the business practices of a company that provides data pursuant
16 to this section. This prohibition shall not apply to insurance
17 companies that have been ordered by a court of competent
18 jurisdiction to be placed in liquidation under the supervision of a
19 liquidator or other authority.